

# United States Senate

WASHINGTON, DC 20510

May 7, 2004

The Honorable Spencer Abraham, Secretary  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

Dear Secretary Abraham:

In light of a recent report that the Administration's current policy on filling the Strategic Petroleum Reserve (SPR) is driving gasoline prices higher, we urge you to reconsider the Administration's position on SPR fill and either halt filling the SPR or cut back the current filling rate.

Last week, *Oil Daily* reported that the Administration's current policy of filling the SPR at a rate of 300,000 barrels per day had contributed to record high gasoline contract prices on the New York Mercantile Exchange. The current SPR fill rate reported by *Oil Daily* also calls into question your statement on February 2, 2004 that "We don't subscribe to the notion that some have raised that somehow this tiny amount of oil going into the SPR is having a huge impact on prices. I don't think it is . . .". Given the fact that the current SPR fill rate is double the 150,000 barrel per day rate when you made that statement and that market observers are now finding that the current, much higher rate of fill is in fact increasing gasoline prices, we urge you again to halt filling or defer currently contracted deliveries to the SPR. If the Administration is unwilling to halt filling or postpone deliveries to help bring down prices for U.S. gasoline consumers, we urge that, at a minimum, the Administration cut back on the current rate of fill.

Since January, gasoline prices have soared by more than 22 percent nationwide and nearly 32 percent on the West Coast. This increase in gasoline costs mean that the average American family is now paying almost \$29 more per month for gasoline. Families living on the West Coast are paying on average \$43 more per month.

Despite these higher costs to our citizens and last week's report that the Administration's SPR fill policy is driving gasoline prices higher, the Administration appears to have increased the rate of fill for the SPR to double the rate of fill in January. This policy of increasing the SPR fill rate further limits oil supplies, leading to sustained high gasoline prices.

Furthermore, in light of the SPR's current level of 94 percent of capacity, the Administration's actions do not properly balance America's economic security needs against the goal of filling the SPR. The SPR was established to provide relief when oil and gasoline supply shortages cause economic hardship. Now is such a time. U.S. oil inventories are at historically low levels. Without prompt action to increase the supply of

oil available to the market, the price of gasoline during the coming peak summer driving season may well exceed the current record prices. Yet the Administration is currently pursuing policies that take even more oil off the market than earlier this year.

As you know, earlier this year, the majority of our colleagues in Senate voted for a halt in filling of the SPR in order to help reduce high oil and gasoline prices. We again urge you to take this action to help U.S. gasoline consumers suffering record high prices at the pump. However, if the Administration is not willing to do everything it can to provide relief to U.S. gasoline consumers, we would urge that the current rate of SPR fill be cut back in order to lessen the impact of the Administration's policy on the price of gasoline our citizens must pay.

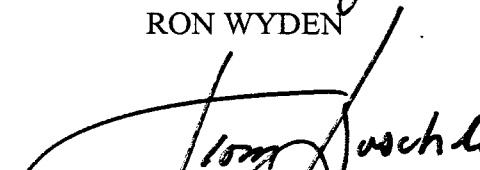
The summer driving season is just around the corner. Sky-high gasoline prices threaten our nation's economic well-being and ability to maintain the recovery that is underway. Our nation's Strategic Petroleum Reserve is filled to 94 percent of capacity. The remaining 6 percent can be filled when it does not require our citizens to sacrifice their hard earned income to purchase gasoline at record high prices.

Thank you for your consideration of these actions to address this urgent concern for U.S. gasoline consumers.

Sincerely,

  
RON WYDEN

  
CHARLES E. SCHUMER

  
TOM DASCHLE

  
JACK REED

  
BARBARA BOXER

  
HARRY REID

  
JOHN KERRY

  
PATRICK J. LEAHY

  
HILLARY RODHAM CLINTON

  
BARBARA A. MIKULSKI

  
DEBBIE STABENOW

  
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FRANK LAUTENBERG

  
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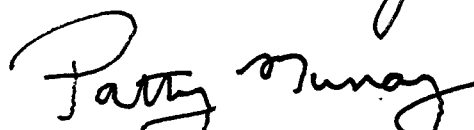
  
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JOSEPH I. LIEBERMAN

  
MARK DAYTON

A stylized, handwritten signature in black ink. The signature is fluid and cursive, with the first letter 'D' being particularly large and looping. The name 'Dianne Feinstein' is written in a continuous script.

DIANNE FEINSTEIN